

United States Information Agency

**Office
of
INSPECTOR GENERAL**

SEMIANNUAL REPORT TO THE CONGRESS



October 1, 1991 - March 31, 1992

**This report has been provided, through the
Director of the United States Information Agency,
to the following Congressional oversight committees:**

**Senate Committee on Appropriations
Senate Committee on Foreign Relations
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Committee on Foreign Affairs
House Committee on Governmental Affairs**

United States Information Agency

Washington, D.C. 20547



INSPECTOR GENERAL

April 30, 1992

The Honorable Henry E. Catto, Director

In accordance with the Inspector General Act of 1978 (Public Law 95-452), as amended, I am forwarding herewith the semiannual report of the Inspector General that covers the six-month period from October 1, 1991 through March 31, 1992. The Act requires that this report be transmitted to the appropriate committees of the Congress within 30 days of receipt.

The Agency has recently made improvements in the conduct and administration of its programs, but as this report indicates, there are still a number of areas that need attention.

I very much appreciate your encouragement and the strong support you have given to the Office of Inspector General.

A handwritten signature in dark ink, reading "George F. Murphy Jr.", with a stylized flourish at the end.

**George F. Murphy Jr.
Inspector General**

INSPECTOR GENERAL ACT OF 1978



Purpose:

In order to create independent and objective units ... there is hereby established in each of such establishments an office of Inspector General.

Duties and Responsibilities:

(a) It shall be the duty and responsibility of each Inspector General with respect to the establishment within which his Office is established...

(1) to provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of such establishment...

(3) to recommend policies for and to conduct, supervise, or coordinate other activities carried out or financed by such establishment for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations...

(5) to keep the head of such establishment and the Congress fully and currently informed, by means of the reports required in section 5 and otherwise, concerning fraud and other serious problems, abuses, and deficiencies ..., to recommend corrective action concerning such problems, abuses and deficiencies, and to report on the progress made in implementing such corrective action.

Semiannual Reports:

(a) Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.

Excerpt from Public Law 95-452, as amended.

Office
of
INSPECTOR GENERAL

SEMIANNUAL REPORT
TO THE CONGRESS
Issue 92-I

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DIGEST

This report is issued pursuant to the Inspector General Act of 1978, as amended. The report covers the six month period from October 1, 1991 through March 31, 1992.

OPERATIONAL SUMMARY

GRANTS MANAGEMENT

Adequate criteria and procedures did not exist in the Bureau of Educational and Cultural Affairs (E Bureau) for determining allowable emergency medical payments for international visitors. As a result, about \$214,000 of emergency medical funds were spent during fiscal years 1987, 1988 and 1989 for non-emergency conditions and illnesses excluded from E Bureau's basic medical program. (See page 5.)

The Tax Reform Act of 1986 significantly changed taxation requirements for scholarship and fellowship income. The Act's applicability to the International Visitor Program needs to be determined since USIA grantee organizations may be liable for penalties and interest for failure to withhold taxes. (See page 5.)

A draft report on this matter was provided to USIA officials for comment. The final report is scheduled to be issued during the next reporting period.

ACQUISITION MANAGEMENT

Certain procurement practices were improper. For example, USIA's contract to acquire and maintain the Voice of America computer-based System for News and Programming (SNAP) was used to procure about \$500,000 of equipment unrelated to SNAP. (See page 6.)

A draft report on this matter was provided to USIA officials for comment. The final report is scheduled to be issued during the next reporting period.

The Bureau of Broadcasting, Office of Cuba Broadcasting procured a total of \$220,240 in audience research services during fiscal year 1991 from one source without advertising and competing as required by the Federal Acquisition Regulation. (See page 7.)

**FINANCIAL
MANAGEMENT**

USIA's 1991 Federal Managers' Financial Integrity Act of 1982 (FMFIA) report contained inaccurate statements about the progress made in correcting imprest fund and property management weaknesses. For example, the report indicated that actions to correct imprest fund weaknesses were "completed." However, OIG found that during fiscal year 1991 an insufficient number of quarterly cash verifications had been made, and that fund managers were still not providing for the adequate separation of duties.

In addition, the FMFIA report stated that the Property Inventory Accountability System was "fully operational." However, this phrase refers only to the system's software. As of mid-December 1991, the system's data base was incomplete, inaccurate, and of little use for management control. (See page 8.)

Draft reports on imprest funds and property management were provided to USIA officials for comment. The final reports are to be issued during the next reporting period.

**OVERSEAS POST
MANAGEMENT**

A five-country review of USIA activities in Eastern Europe found that (1) USIA Washington was not providing adequate administrative support to United States Information Service (USIS) posts; (2) high-priority information programs had not been sufficiently developed since the demise of communist governments; (3) accountability for U.S. Government property throughout the area was inadequate; and (4) there were major difficulties with the Fulbright exchange programs in Bulgaria and Romania. (See page 10.)


A draft report on this review was provided to USIA officials for comment. The final OIG report is scheduled to be issued during the next reporting period.

At the request of the Director of the Office of North African, Near Eastern, and South Asian Affairs, OIG conducted a special review of USIS operations in Morocco during January and February 1992. Significant management and administration problems were identified.

A draft report on this review was provided to USIA officials for comment. The final OIG report is scheduled to be issued during the next reporting period.

**CRIMINALITY
AND MISCONDUCT**

Three USIA employees and a contractor employee were convicted and sentenced for embezzlement or the theft of government funds totaling \$32,506. In addition, disciplinary action was taken during the period against a public affairs officer who had issued a false grant for \$18,000.

(See page 14.) 

STATISTICAL SUMMARY

I Activities

Reports Issued/Pending	15
(See Appendix A)	
Investigations Closed	25
(See Appendix B)	

II Potential Monetary Impact

Questioned Costs	\$ 167,031
(See Appendix C)	
Recommendations that Funds Be Put to Better Use.	<u>5,000</u>
(See Appendix D)	
TOTAL	\$ 172,031

III Actual Monetary Impact

Questioned Costs Sustained	\$ 499,475
(See Appendix C)	
Funds Put to Better Use.	5,000
(See Appendix D)	
Investigative Restitutions	<u>44,120</u>
(See Appendix B)	
TOTAL	\$ 548,595

IV Reports With Monetary Impact for Which Management Action is Pending

Number Less Than Six Months Old	0
Dollar Value.	0
(See Appendices C and D)	
Number More Than Six Months Old	9
Dollar Value	\$1,465,677
(See Appendices C and D)	

OPERATIONAL ACTIVITIES

Office of Inspector General activities during this period identified problems in USIA relating to grant, acquisition and financial management, overseas post operations, and general management and administration. Investigations relating to criminality and employee misconduct were also conducted.

Grants Management

Medical Benefits Program

The Bureau of Educational and Cultural Affairs (E Bureau) provides international visitors with health benefits in case of illness or injury during their stay in the United States. In fiscal year 1989, this self-insured program provided coverage at a cost of about \$1.35 million. In addition, E Bureau established an Emergency Medical Fund (EMF) to cover claims exceeding the maximum benefits of its basic program.

Adequate criteria and procedures did not exist for determining allowable medical payments from the EMF. Forty-eight claims totaling \$420,000 were paid from EMF during fiscal years 1987, 1988 and 1989. Twelve of these claims, totaling about \$214,000, were for non-emergency conditions and illnesses excluded from coverage under the basic program. For example, E Bureau paid \$63,746 for the treatment of one participant's pre-existing gallstone ailment.

In addition, cost-saving opportunities — including the use of medical auditors to review the validity of high-cost claims — were identified by OIG.

In an April 24, 1992 response to OIG's report, E Bureau's Associate Director advised that it has established (1) written criteria for the use of the Fund (now called the Supplemental Insurance Fund); and (2) a medical review board to examine and make recommendations on requests for Fund payments.

OIG is evaluating E Bureau's response.

The Tax Reform Act of 1986

The Tax Reform Act of 1986 significantly changed taxation requirements for scholarship and fellowship income. A review to determine the Act's financial impact on USIA exchange programs disclosed application inconsistencies within E Bureau and among some of its grantee organizations.

For example, while all academic exchange grantee organizations sampled do withhold taxes on participant income, only one of nine International Visitor Program grantee organizations in the sample withheld and reported taxes on payments to participants during fiscal years 1989 and 1990. The remaining eight organizations may be liable for penalties and interest for failure to withhold and report taxes on about \$3.7 million in participant payments made during this period.

This issue is being considered by USIA's Office of General Counsel.

Acquisition Management

VOA System for News and Programming (SNAP)

A contract to acquire and maintain the Voice of America (VOA) computer-based System for News and Programming (SNAP) was improperly used to procure about \$500,000 worth of equipment unrelated to SNAP. For example, \$157,000 worth of word processing equipment was procured for the Television and Film Service. USIA's Competition Advocate indicated that the purchase of equipment for the Service was a new requirement that should have been competed separately, not acquired through the SNAP contract.

Music International, Ltd.

USIA's contract with Music International, Ltd. to provide VOA with tape-recorded music programs does not differentiate between original and previously broadcast programs. As a result, full payment has been made for both types of programs.

The standard practice in the private sector is to make full payment for the first broadcast, 75 percent of the full payment for the second broadcast, and 50 percent of the full payment for all subsequent broadcasts.

During 1990 and 1991, the contractor was paid about \$93,000 and \$89,000 respectively. Since an estimated 20 percent of the programs were rebroadcasts, annual payments could have been reduced by between \$5,000 and \$11,000 if private sector practices had been applied.

In addition, the contract violated the Federal Acquisition Regulation (FAR) by improperly allowing the contractor to supervise the work of three USIA employees. The FAR states:

"In no event may a contract be awarded for the performance of an inherently governmental function." (Subpart 37.102(b))

Also, the contractor received monthly payments for many years without submitting invoices. This is a violation of Article XI of the contract which states, in part:

"An invoice,...for payment...for supplies delivered or services performed...shall be prepared and submitted."
(Emphasis added)

The Office of Contracts agreed with OIG's recommendations for corrective actions.

**Office of
Cuba Broadcasting**

The Bureau of Broadcasting, Office of Cuba Broadcasting, awarded ten Blanket Purchase Agreements to the same vendor totaling \$220,240 during fiscal year 1991 without seeking adequate competition as required by the FAR. The FAR states:

"Contracting officers shall disseminate information on proposed contract actions... expected to exceed \$25,000, or \$10,000 if there is not a reasonable expectation that at least two offers will be received from responsive and responsible offerors, by synthesizing in the Commerce Business Daily." (Subpart 5.101)

The Office of Contracts directed the Office of Cuba Broadcasting to follow the provisions of the FAR.

**Perini
International
Corporation**

A contract with Perini International Corporation for construction at the VOA facility in Liberia was terminated on February 16, 1991 because of civil war. The contractor submitted a termination settlement claim of over \$700,000.

Based in part on an OIG review, the Contracting Officer reduced the claim by about \$78,000.

**Contracted Advisory
and Assistance
Service Reporting**

In accordance with the requirements of 31 USC Section 1114 (b), OIG completed a review of USIA's progress in controlling and reporting Contracted Advisory and Assistance Services (CAAS).

USIA's established system to monitor and control CAAS activities did not adequately report all costs for fiscal year 1991. As a result, USIA's Congressional Budget submission omitted salary and travel costs of approximately \$28,620 and a procurement award of \$42,000.

Based on OIG's finding, USIA revised its CAAS report to Congress.

Financial Management

**Reporting Under the
Federal Managers'
Financial Integrity
Act of 1982**

USIA's 1991 Federal Managers' Financial Integrity Act (FMFIA) report contained inaccurate statements as to the progress made in correcting imprest fund and property management weaknesses.

Imprest Fund Weaknesses

The 1991 FMFIA report indicates that actions to correct imprest fund weaknesses were "completed." The report states:

"The most recent unannounced [imprest fund] cash count, on 5/23/91, indicates no problems, which suggests that M/C's imprest fund internal control improvements have been effective."

OIG notes, however, that unannounced cash counts were not conducted of all 19 domestic imprest funds during fiscal year 1991 as required by USIA regulations.

Other violations of USIA and Department of Treasury imprest fund regulations have continued. For example, fund managers for ten of the 19 domestic funds were still not providing for the adequate separation of duties, and a travelers check fund of \$674,000 was found to be excessive and was reduced to \$350,000.

Property Management Weaknesses

The 1991 FMFIA report states:

"The Agency's automated Property Inventory Accountability System (PIAS) was activated on 9/6/91 and became fully operational on 11/4/91." (Emphasis added)

However, the phrase "fully operational" refers only to the PIAS software, and not the entire system.

As of mid-December 1991, the system's data base was incomplete, inaccurate, and of little use for management control. Therefore, PIAS could still not accurately account for over \$200 million of non-expendable personal property worldwide. This weakness was first identified in 1985.

(See example under "Property Accountability" on page 11)

General Management and Administration

Procurement and Administration at Radio Marti, Miami

Radio Marti officials in Miami, Florida made approximately \$33,000 in unauthorized payments to contract employees in fiscal year 1990. Specifically, they paid more for services than allowed by the approved payment schedule.

In addition, personal calls were not identified and reimbursed, and commercial lines were used rather than less expensive federal telecommunications lines.

The Bureau of Broadcasting agreed with OIG's recommendations for improving the management and operations of the Miami office.

Overseas Post Management

Eastern Europe

An OIG review of USIA activities in five Eastern European countries — Poland, Hungary, Czechoslovakia, Romania and Bulgaria — found that USIS posts were contributing to U.S. objectives with expanded programs. However, the following areas required improvements:

■ Administrative Support

Inadequate administrative support has caused problems at posts in Eastern Europe. For example:

Building Leasing and Renovation

A loss of U.S. Government funds of \$227,614 and substantial delays to program objectives occurred in a cultural center leasing and renovation project at USIS Warsaw as a result of post management lapses prior to signing the lease in May 1991, and USIA failure to ensure adequate oversight and support.

Management has concurred with OIG's recommendation to reevaluate USIA's capabilities for the acquisition and renovation of overseas facilities and has taken steps to enforce regulations which had not been adhered to in this project.

Management Assistance

During the rapid expansion of programs in Eastern Europe, USIA Washington did not provide adequate management assistance for post functions such as financial planning, procurement, computer systems, grants management, and property control. As a result, administrative operations in four countries without an executive officer were weak.

The Bureau of Management, in conjunction with the European Area Office, is assessing the weaknesses identified to determine corrective actions.

Equipment Needs Assessment

Inadequate USIA analysis of equipment needs for existing field conditions led to the purchase of collators which were unsuitable for the posts. The cost of the collators was about \$50,000.

The Office of European Affairs is reviewing other post requirements to determine disposition of the collators.

Property Accountability

Due to a lack of internal controls and oversight of USIA property at Eastern European posts by both the posts and USIA Washington, neither USIA Washington nor post property records reflected accurate inventories. The disparity between USIA Washington and field records was as high as 50 percent and reconciliation was nearly impossible. All posts had property registered on USIA records which could not be accounted for and is assumed at the posts to be lost or stolen.

USIS Poland and Czechoslovakia have reviewed their inventory records and submitted revisions to USIA Washington. Other actions are pending.

■ **Information Programs**

USIS information programs directly support USIA's principal strategic goal to project U.S. foreign policy. However, in all five countries these programs were slow to develop in the post-communist period.

Some basic functions, such as targeted distribution of selected Wireless File articles, were not being carried out. Many printed information materials did not meet the intent of USIA's strategic goal of assuring that messages are presented "in a timely and attractive fashion." Only one of five USIS posts had begun a regular program to make American assistance better known to the public, and all needed to direct more resources to this objective.

Expensive USIA magazines, such as the Eastern European language versions of *Dialogue*, were not being distributed to the new public opinion leaders, but rather to persons on outdated, often communist-era, audience lists.

All five posts and USIA Washington are taking action to develop these information programs.

■ **Library Utilization**

USIA Washington and the posts were not making effective use of high-cost library resources to get priority information to the intended audiences.

Library planning, funding, and guidance from both USIA Washington and USIS public affairs officers were insufficient. Regional library support was understaffed and underfunded, and library activities were not being coordinated with other USIS programs.

Outreach programs had not been sufficiently developed by the posts to provide priority audiences with significant information materials that serve country plan objectives.

The European Area office has instructed each of the five posts to develop library objective statements. The E Bureau and the individual posts are taking actions that will be summarized in the final OIG report.

■ **Audience Identification and Tracking Systems**

The success of USIS objectives in Eastern Europe depends heavily on the posts' ability to identify, keep track of, make program contact with, and distribute information materials to the new opinion leaders who emerged after the fall of communism. However, at the time of the review, no USIS post in the area had an audience identification and tracking system working effectively as a management and program tool.

USIS posts are compiling audience data and are waiting for the delivery of a new software system which has been in preparation for two and a half years but is scheduled for delivery in the near future.

■ **Support for Fulbright Programs**

Fulbright educational exchange programs expanded relatively smoothly in Poland, Czechoslovakia, and Hungary, where Fulbright administrative offices were established. However major difficulties developed in Bulgaria and Romania, where USIA expanded the number of grants while

holding back any growth in administrative support. In addition, the pre-departure orientations for American grantees were canceled. They have since been reinstated.

USIS Bulgaria and Romania have started negotiations for Fulbright offices, but the source of funding for these offices has not yet been determined.

■ English Teaching Programs

The objectives and priorities of USIA English teaching programs in Eastern Europe were not sufficiently specific, and program responsibility was spread across four offices of the E Bureau as well as the Office of European Affairs. Teachers, materials, supervision, and evaluation of the programs were allocated disproportionately among the five countries.

E Bureau is developing a statement of objectives for the English teaching program in Eastern Europe and is addressing other concerns.

■ Personnel Training

Over half the Foreign Service National employees at the five posts were hired in the past two years, and many of the long-term employees do not have the skills needed in a modern USIS post.

The Bureau of Management is developing changes in the training of new public affairs, cultural, and information officers. In addition, the Training Division and the European Area Office are planning a series of regional workshops for Foreign Service Nationals and investigating using Worldnet television "down-time" for technical instruction on subjects such as contracting and inventory control. The European Area office has polled field posts on training requirements and has initiated several specific projects.

Criminality and Misconduct**Employee Crime**

Office of Personnel (M/P) - A former employee was charged with submitting false and fictitious vendor receipts to an imprest fund in order to steal approximately \$16,000. The employee was indicted by a federal grand jury in the District of Columbia on one count of theft of government funds on November 11, 1991. He pled guilty and on January 9, 1992, was sentenced to five years probation, six months home detention and restitution of the funds.

Bureau of Educational and Cultural Affairs (E/DA) - An Administrative Coordinator was sentenced on January 17, 1992 in the U.S. District Court for the District of Columbia to 60 days home confinement, 100 hours of community service and three years probation. The employee had embezzled \$9,654, most of which was in the form of a fraudulent grant application. The Administrative Coordinator was also required to make complete restitution of the funds.

Office of Security (M/S) - A Physical Security Specialist was sentenced to two years probation and four months of home confinement after pleading guilty of the theft of government funds. The employee, who has since made full restitution and resigned, used money orders and false documents to embezzle \$6,852 from an imprest fund.

Office of Administration (M/A) - An employee falsely reported working 173 hours of overtime valued at \$2,393. Prosecution was declined by the U.S. Attorney's Office in favor of appropriate administrative/disciplinary action by USIA. Such action is currently pending.

**Contractor
Employee Crime**

Washington D.C. - An employee of a USIA contractor provided fraudulent overtime pay records for a period of approximately six months amounting to a false claim of 548 hours. The employee entered a plea of guilty to the filing of false claims. Sentencing in U.S. District Court occurred on December 20, 1991 and resulted in the individual receiving four months home confinement, two years probation and a \$50 fine.

**Employee
Misconduct**

Bureau of Broadcasting - An OIG referral to USIA management disclosed that an International Radio Broadcaster made 44 time and attendance misstatements concerning arrivals/departures, submitted false claims for compensatory time and took excessively long breaks. The employee received a Letter of Admonishment and donated 30 hours of annual leave valued at \$661 to the Annual Leave Transfer Program.

Office of East Asian and Pacific Affairs - A Public Affairs Officer (PAO) who issued a false grant for \$18,000 was suspended for one day. The grant, which purportedly was for refurbishments to the residence of the Director of a Binational Center, was actually used for expenditures on the PAO's leased residence. □

**REPORTS FOR WHICH NO MANAGEMENT DECISION
HAS BEEN MADE WITHIN SIX MONTHS OF ISSUANCE****Phelps-Stokes Fund**

The Office of Contracts (M/K) is waiting for final indirect cost rates from the Department of State. Accordingly, no determination has been made on \$60,240 in questioned costs. The six month period elapsed June 9, 1989. (Report No. A-89-03)

**American Association
of Collegiate Registrars**

The report, issued on June 6, 1990, made recommendations about questioned costs of \$10,923 and accounting system deficiencies. The Office of Contracts has resolved all accounting system recommendations. On April 10, 1992, OIG received M/K's determination on the questioned costs, which is under review. (Report No. A-90-12)

**Delphi Research
Associates**

The report, issued on September 16, 1990, made recommendations about questioned costs and accounting system deficiencies. The Office of Contracts has resolved all accounting system recommendations, but has not yet resolved \$1,174 in questioned costs. (Report No. A-90-13)

**The Center For
Excellence in Education**

The report, issued on August 6, 1990, made recommendations about questioned costs of \$33,396 and accounting system deficiencies. The Contracting Officer has resolved all accounting system recommendations. On March 4, 1992, OIG received M/K's determination on the questioned costs, which is under review. (Report No. A-90-24)

**U.S. Association of
Former Members
of Congress**

The report, issued on March 15, 1991, made recommendations about questioned costs of \$151,559, material internal control weaknesses, and material instances of noncompliance with laws and regulations. The Office of Contracts has resolved all internal control and noncompliance recommendations. On April 17, 1992, OIG received M/K's determination on the questioned costs, which is under review. (Report No. A-91-05)

**American Council
of Learned Societies**

The report, issued on September 28, 1990, made recommendations about questioned costs and accounting system deficiencies. The Office of Contracts resolved all accounting system recommendations. However, savings recommendations of \$370,843 in funds put to better use and \$239,613 in legal fees are still pending resolution. (Report No. A-90-29)

**Council of
International Programs**

The report, issued on March 27, 1991, made recommendations to disallow \$69,815 in questioned costs and correct deficiencies in the grantee's accounting system. The Office of Contracts directed the grantee to correct the accounting system deficiencies. On April 21, 1992, OIG received M/K's determination on the questioned costs, which is under review. (Report No. A-91-07)

**American Council
of Teachers of Russian**

The report, issued on September 3, 1991, made recommendations to disallow \$368,288 in questioned costs and correct deficiencies in the grantee's accounting system. The accounting system recommendations were satisfactorily resolved, but the Office of Contracts has not yet resolved the questioned costs. (Report No. A-91-13)

**Oregon
Historical Society**

The report, issued on September 10, 1991, made recommendations to disallow \$159,826 in questioned costs which have not yet been resolved. In addition, OIG recommended that the Contracting Officer include in all future grants the requirement that sole source procurements of goods and services exceeding \$5,000 be subject to USIA approval. The recommendations are still under review by the Office of Contracts. (Report No. A-91-14) ☐

APPENDIX A

REPORTS ISSUED/PENDING

Report No.	Issue Date	Title/Auditee	Questioned Costs		Funds Put To Better Use
			Total	Unsupported	
<u>SPECIAL INSPECTOR GENERAL REVIEW</u>					
IG-92-01	Pending	Special Review of USIS Morocco	-0-	-0-	-0-
<u>INSPECTION REPORT</u>					
I-92-01	Pending	Inspections on USIA Programs in Eastern Europe	-0-	-0-	(*)
<u>AUDIT REPORTS</u>					
<u>Internal and Management Audits</u>					
A-92-03	02/13/92	Review of E Bureau Health and Accident Benefits Program	-0-	-0-	(*)
A-92-04	Pending	Review of Domestic Agency Imprest Funds	-0-	-0-	-0-
A-92-06	Pending	Review of Procurement and Other Administrative Practices at Radio Marti's Miami Office	-0-	-0-	-0-
A-92-07	Pending	USIA Grantee Participant Tax Issues	-0-	-0-	-0-
A-92-08	Pending	Review of USIA Contracting Practices	-0-	-0-	-0-
A-92-09	Pending	Review of USIA's Requisition, Purchasing, and Property Management Policies, Procedures, and Internal Controls	-0-	-0-	-0-
L-92-01	10/18/91	Review of Blanket Purchase Agreement Orders for the Office of Cuba Broadcasting	-0-	-0-	-0-
L-92-02	12/23/91	External Quality Control Review of the Department of Health and Human Service's Office of Child Support Enforcement's Audit Div.	-0-	-0-	-0-
L-92-06	03/24/92	OTG Evaluation of USIA Compliance with Restrictions on Lobbying	-0-	-0-	-0-
L-92-07	03/17/92	Agency Progress During Fiscal Year 1991 in Controlling and Reporting on Contracted Advisory and Assistance Services	-0-	-0-	-0-
<u>Grant and Contract Audits</u>					
A-92-02	12/16/91	Termination Settlement Proposal by Perini International Corp.	\$167,031	\$38,986	-0-
L-92-03	01/17/92	Provisional Indirect Cost Rate - Iowa Peace Institute	-0-	-0-	-0-
L-92-04	01/28/92	Review of USIA Contract with Music International, Ltd.	-0-	-0-	\$5,000
TOTAL			\$167,031	\$38,986	\$5,000

* Dollar savings are expected, but have not yet been established.

APPENDIX B

INVESTIGATION ACTIVITIES

Investigative Inventory

Pending - Beginning of period	40
Opened During Period	6
Closed During Period	25
Pending - End of Period	21

Hotline Calls

Number Received	6
Investigations Initiated	3
Referred to Agency Management	1
Closed - No Action Taken.	2

Investigative Results

Prosecutions	4
Terminations/Resignations/Retirements	3
Disciplinary Actions Taken	1
Corrective Actions Taken.	1
Recoveries/Restitutions.	\$44,120
Pending Department of Justice	
Prosecutorial Review	4
Pending USIA Administrative/	
Disciplinary Action	2

APPENDIX C

REPORTS ISSUED WITH QUESTIONED COSTS

		Dollar Value of Questioned Costs (in thousands)		
		<u>Number Reports</u>	<u>Total Costs</u>	<u>Unsupported* Costs</u>
I	Reports subject to a decision by management:			
	a. During prior reporting periods	12	\$1,744	\$ 617
	b. During current reporting period	<u>1</u>	<u>167</u>	<u>39</u>
	c. Total	13	1,911	\$ 656
II	Reports for which decisions were made during this period:			
	a. Dollar value of disallowed costs	4	\$ 499	\$ 68
	b. Dollar value of costs not disallowed	<u>4**</u>	<u>317</u>	<u>148</u>
	c. Total	4	\$ 816	\$ 216
III	Reports for which no decisions were made by the end of the reporting period:	9	\$1,095	\$ 440
IV	Reports for which no decisions were made within six months of issuance:	9	\$1,095	\$ 440

* Amounts are also included in Total Costs.

** Four reports contained both disallowed costs and costs not disallowed.

APPENDIX D

**REPORTS ISSUED WITH RECOMMENDATIONS
THAT FUNDS BE PUT TO BETTER USE**

	<u>Number Reports</u>	<u>Dollar Value (in thousands)</u>
I Reports subject to a decision by management:		
a. Issued during prior reporting periods	1	\$ 371
b. Issued during current reporting period	1	<u>5</u>
c. Total	2	\$ 376
II Reports for which decisions were made during this period:		
a. Recommendations with which management agreed	1	5
b. Recommendations with which management did not agree	0	<u>0</u>
c. Total	1	\$ 5
III Reports for which no decisions were made by the end of the reporting period:	1	\$ 371
IV Reports for which no management decision was made within six months of issuance:	1	\$ 371

APPENDIX E

DEBTS OWED TO USIA

In accordance with the Senate Committee on Appropriations report on the Supplemental Appropriations and Rescission Bill of 1980, the following chart shows preliminary, unaudited figures provided by USIA on appropriation-funded debts that were owed, overdue or resolved during the six-month period that ended March 31, 1992.

	<u>Balance</u>	<u>Overdue</u>	<u>Resolved During Period (1)</u>
September 30, 1991	\$409,484	\$109,403	\$306,815
March 31, 1992	\$469,595 (2)	\$142,793 (3)	\$ 99,072

- (1) This includes cash refunds, compromises and waivers, and write-offs.
- (2) Includes new debts accrued during the six-month period of \$159,083.00.
- (3) Overdue accounts include two bankruptcy cases.
 a. \$77,904
 b. \$ 2,271

PRINCIPLES OF ETHICAL CONDUCT FOR GOVERNMENT OFFICERS AND EMPLOYEES



To insure that every citizen can have complete confidence in the integrity of the Federal Government, each Federal employee shall respect and adhere to the fundamental principles of ethical service as implemented in regulations promulgated under sections 201 and 301 of this order:

- (a) Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.
- (b) Employees shall not hold financial interests that conflict with the conscientious performance of duty.
- (c) Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.
- (d) An employee shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift of other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
- (e) Employees shall put forth an honest effort in the performance of their duties.
- (f) Employees shall make no unauthorized commitments or promises of any kind purporting to bind the Government.
- (g) Employees shall not use public office for private gain.
- (h) Employees shall act impartially and not give preferential treatment to any private organization or individual.
- (i) Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.
- (j) Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.
- (k) Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.
- (l) Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those--such as Federal, State, or local taxes--that are imposed by law.
- (m) Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.
- (n) Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to this order.

Excerpt from Executive Order 12674 of April 12, 1989.

FOR ADDITIONAL INFORMATION OR COPIES

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Provide the following: Who, What, When, Where, Why and How.

END

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